



**DEPARTMENT OF COMMERCE AND INSURANCE**

**TENNESSEE STATE BOARD OF ACCOUNTANCY**

DAVY CROCKETT TOWER, 2<sup>ND</sup> FLOOR  
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[www.state.tn.us/commerce/boards/tnsba](http://www.state.tn.us/commerce/boards/tnsba)

**Board Retreat Minutes**

**October 17, 2007**

The Tennessee State Board of Accountancy convened in a retreat at the offices of the National Association of State Boards of Accountancy (NASBA) located at 150 4<sup>th</sup> Avenue North, Nashville, Tennessee on Wednesday 17 October 2007 at 1:00 pm.

Members present were Chairman Kenneth Cozart, Vice-Chairman Vic Alexander, Teresa Jeter-McAvoy, Stanley Sawyer, William Underwood, Lisa Stickel and William Blaufuss.

Also present were Tennessee State Board of Accountancy Interim Executive Director Mark H. Crocker; NASBA Director of Governmental, International and Professional Relationships Linda Biek; NASBA President and CEO David Costello; NASBA CPA Exam Services Director Ken Bishop; NASBA Business Development Director Maria Caldwell; Texas State Board of Accountancy Executive Director William Treacy; Tennessee Society of Certified Public Accountants Executive Director B. Bradford Floyd; Tennessee Society of Certified Public Accountants Legislative Consultant Dan Elrod; Tennessee Society of Certified Public Accountants Member Services Manager Wendy Garvin; Tennessee State Board of Accountancy staff Gail York, Brenda Demastus and Mary Flagg.

The retreat opened with a welcome from Ms. Linda Biek. Ms. Biek expressed NASBA's pleasure at hosting the Board's retreat which has an intended goal of pointing out services and programs designed to help enhance the effectiveness of the Board.

NASBA Business Development Director Maria Caldwell explained some of the features of NASBA's Accountancy Licensing Library. This is a website designed to make licensing and CPE compliance simpler and more convenient. Ms. Caldwell also gave details of NASBA's Wall Certificate Service. This program offers custom certificate design that can be tailored for each state at a reasonable price.

Ken Bishop, President of CPA Examination Services (CPAES), discussed the role that company plays in administering the CPA exam. He also reviewed NASBA's role in assisting various states in the passage of the Mobility Law. The Mobility Law is summarized as:

**No Notification – No Fee – No Escape**

Mr. Bishop and his task force met with fifteen (15) state boards considering mobility legislation, participated in four (4) regional CPA/SEA meetings speaking with twenty-eight (28) state society executives. He reported eleven (11) states are presently participating in mobility with the potential for implementation in forty-three (43) additional states by year end 2008.

Mr. William Treacy, Executive Director of the Texas State Board of Accountancy, discussed the impact of enforcement by the boards on the profession. He urged board members to encourage the support of the legislature to provide funding in order to protect the public from accounting practices that may be illegal or unethical. The Texas Board is a self-directed semi-independent agency, and its status has recently been renewed for another six (6) years. He stated that the number of licensees has steadily increased, but the number of complaints against licensees has not increased proportionately. He credits a combination of programs used by the Texas Board with a greater understanding of professional standards and board rules by Texas licensees.

TSCPA Executive Director Brad Floyd reiterated the need to keep legislators informed on issues affecting the accounting profession. He referred to the recent Sunset Audit and the specific authority given to the Board to handle certain issues. The Board of Accountancy is granted more self-sufficiency than many boards in the Department of Commerce and Insurance.

NASBA President and CEO David Costello was the final speaker. He noted that NASBA serves as a forum for fifty-five (55) boards of accountancy, and that the organization is committed to providing high quality, effective programs and services. Mr. Costello emphasized that he is open to suggestions and ideas that will assist in the development of the accounting profession.

This day of the retreat concluded with a tour of the NASBA facilities.

Approved by: \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary



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**Board Retreat Minutes**

October 18, 2007

The meeting of the Tennessee State Board of Accountancy reconvened in the Dave Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee, on Thursday October 18, 2007 at 8:30 am.

Members present were Chairman Kenneth Cozart, Vice-Chairman Vic Alexander, Secretary William Underwood, Teresa Jeter-McAvoy, Shannone Raybon, Lisa Mays Stickel, Stanley Sawyer, and William Blaufuss.

Also present were Mark H. Crocker, Interim Executive Director; Bethany Heuer, Staff Counsel; Mary Moody, Deputy Commissioner of the Department of Commerce and Insurance; Valerie Oliver, Chief Fiscal Officer of the Department of Commerce and Insurance; Wendy Garvin, TSCPA Member Services Manager; and Board Staff Gail York, Brenda Demastus, Patricia Turner and Mary Flagg.

Mr. Crocker opened the meeting and extended a welcome to board members and attendees. He introduced each member of the Board staff and asked that each give a brief description of their duties and responsibilities. Mr. Dan Syriac, Administrative Manager, was not present, so Mr. Crocker gave a brief overview of Mr. Syriac's responsibilities. Mr. Crocker reminded board members that the staff is currently in a learning mode with new staff and reassignment of duties. However, he assured the board that efficiency and good customer service would continue during this time.

Mr. William Blaufuss, a new board member, was introduced and welcomed. Mr. Crocker then read a letter of resignation from the board's public member, Ms. Doris Medlin. Procedurally Ms. Medlin will be considered a member of the board until the Governor sends notice that the resignation has been accepted. For purposes of this meeting, Ms. Medlin is considered absent.

Wendy Garvin of the TSCPA was introduced and gave a description of her responsibilities.

Mary Moody, Deputy Commissioner, addressed the findings of the Sunset Audit and acknowledged that Commerce and Insurance was exercising more control over the Accountancy Board than allowed by law. Ms. Moody further explained that the yearly travel plan required by the Department was necessary due to the administrative function that the Department serves in order to ensure that all travel is within budgetary limitations and within State travel regulations.

Chairman Cozart expressed concern over the ability of the Board to predict necessary travel. Mr. Crocker stated that a revised travel plan had already been prepared to accommodate travel for the Executive Director or his/her designee to attend or conduct various conferences. Vice-Chairman Alexander asked Ms. Moody if the travel plan could be amended. She indicated that amendments were acceptable with the approval of the full Board.

Mr. Blaufuss wished to confirm that board approved travel would no longer be denied by Commerce and Insurance if state travel regulations and proper administrative procedures were followed. Ms. Moody agreed and stated that the Department would make every effort to expedite all travel requests.

Ms. Moody also addressed the inquiries made by Reporter Larry Brinton. Mr. Brinton ran a story on local television about travel taken by the previous Executive Director, Linda Biek. Ms. Moody stated that he had initially contacted the Department regarding travel for Assistant Commissioner Meredith Sullivan as well as Ms. Biek. When he was informed that Ms. Sullivan was on unpaid leave, he dropped the issue. He requested all of Ms. Biek's travel records and based his story on that paperwork. Ms. Moody stressed that the Department did not give an interview or issue a press release, that they were merely responding to a request for public records as required by law.

Mr. Alexander asked Ms. Moody to address the issue raised in a newspaper article that indicated that the Accountancy Board was taking longer than 180 days to resolve a complaint. Ms. Moody stated that it is believed that there is a misunderstanding of the 180 day requirement established by the Department of Commerce and Insurance. The Department is working on a clarification of that 180 day standard.

Mr. Alexander also queried Ms. Moody regarding the number of attorneys that have been assigned to the Board of Accountancy. He noted that since 2004 the Board has had eight different attorneys. Ms. Moody stated that only a few upper level positions were available, the salaries are not competitive, and attorneys felt a need to make a move in order to advance their careers. Mr. Blaufuss suggested that the Board hire independent counsel. Ms. Moody indicated that the statute does not provide for employment of an attorney by the Board.

Ms. Moody also addressed the issue of communications among board members. She stated that when two or more board members engaged in a discussion of board business outside a board meeting that they are in violation of the Open Meetings Act. Communication may not take place in person or via email. If such a violation should occur, it can be "cured" by recapping the discussion during the next board meeting.

Ms. Valerie Oliver addressed the Board regarding fiscal activities – specifically rules pertaining to travel. Travel requests of a standard nature may be approved at the Department level. Exceptional requests for in state travel must be approved by Finance and Administration, and all out of state travel must be approved by the Governor’s office. Ms. Oliver and Ms. Moody indicated that Commerce and Insurance would work with the Finance and Administration Department to ensure that travel requests were processed properly, and to address issues concerning adjusting the current budget and also accessing the reserve fund.

Bethany Heuer, Staff Attorney, explained the Sunshine Law, noting that public notice must be given eight (8) days prior to a board meeting. The public has a right to know and attend all meetings. Ms. Heuer stated that discussion of non-agenda items was at the discretion of the Board Chair.

Ms. Heuer also walked the Board through the Complaint Process. She noted that in the event that a formal hearing should occur, the attorney represents the State of Tennessee and not the Board of Accountancy. The Administrative Law Judge is present to answer any questions posed by Board members.

Chairman Cozart stated that the comments from Ms. Moody and the results of the Sunset Audit places the Board in a position to move toward independence. He stated that the Board is charged with protection of the public and enforcement of the laws and rules. He indicated that options need to be explored. Mr. Cozart expressed the opinion that the Board needed to appoint a committee to research independence. Ms. Jeter-McAvoy volunteered to coordinate the committee.

There being no further business, the meeting was adjourned.

Approved by: \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary



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**Board Retreat Minutes**

**October 19, 2007**

The meeting of the Tennessee State Board of Accountancy reconvened at 8:30 am on Friday, October 19, 2007 in the Davy Crockett Tower, 500 James Robertson Parkway, in Nashville, Tennessee.

Members present were Chairman Kenneth Cozart, Vice Chairman Vic Alexander, Secretary Bill Underwood, Teresa Jeter-McAvoy, Lisa Mays Stickel, Shannone Raybon, Stanley Sawyer and William Blaufuss.

Also present were Interim Executive Director Mark H. Crocker, Staff Attorney Bethany Heuer, Wendy Garvin, TSCPA Member Services Manager, and Board Staff Dan Syriac and Mary Flagg.

Chairman Cozart called the meeting to order with prayer. He commented that the retreat had been very informative as had the discussions with Deputy Commissioner Mary Moody. He indicated that turnover in the position of staff attorney was problematic and caused some difficulty in the board functions of oversight and enforcement.

Mr. Sawyer noted corrections in the August minutes. SWOT had been misspelled and a correction needed to be made that Mr. Blaufuss had abstained from voting in the teleconference held on 21 September 2007. Motion to accept the minutes for both meetings as corrected made, seconded and unanimously passed.

Mr. Cozart presented the Consent Agenda. Mr. Alexander moved to accept the Consent Agenda, second by Mr. Sawyer. Motion passed.

Mr. Crocker presented the Executive Director's Report. He gave an update on the status of correspondence to licensees. The board had recommended that communication be mailed out to licensees to notify them of changes in the renewal process. Due to delays in processing, the

September Letter was not mailed until 10 October 2007, and the Balance Sheet was also delayed. Postcard notices to licensees renewing on 31 December 2007 will be mailed in early to mid-November.

Mr. Crocker also informed the Board about the efforts of the State of Oklahoma to establish that state as being known for high personal and corporate ethical standards. The Oklahoma Business Ethics consortium provides support to the business community so that integrity in the workplace may be discussed, defined and reinforced. He suggested that a potential use of the Reserve Fund of the Accountancy Board would be to develop a similar program for licensees in Tennessee. Ms. Edith Steele, the Executive Director of the Oklahoma Board of Accountancy would be an excellent resource for that purpose.

As a result of the delayed mailing of the September Letter, concern was expressed that some licensees may not be aware of the requirement of an ethics component in the CPE program. The Board noted that the Executive Director was allowed to grant extensions for CPE on a case by case basis. According to the law and rules, the extension must be requested before 31 December of the renewal year. No change in procedure was authorized.

#### Committee Reports:

Probable Cause Committee passed out the report prepared by Ms. Heuer and members were asked to review it. Mr. Alexander moved to accept the report with the disciplinary actions noted, Mr. Underwood seconded. Report was approved.

Finance and Administration Committee report presented by Mr. Sawyer. He stated that the budget had been amended to include an increase in the travel expense line item to a total of \$51,485.00. He also reminded all board members to complete and submit the SWOT analysis. Mr. Sawyer also reported that the budget was amended to include an additional expense for printing of new law and rule books. The approved total for Printing and Duplicating was increased to \$65,500.00. Ms. Raybon moved to accept the report with the budget amendments. Second by Ms. Jeter-McAvoy. Motion passed unanimously.

Licensing Committee report was presented by Ms. Jeter-McAvoy. The report approved three (3) exempt organizations and requested approval to investigate CPE tracking. The committee also reported that eighty-two (82) initial CPA licenses and twenty-eight (28) reciprocal licenses were issued. Mr. Cozart moved to accept the report, Mr. Underwood seconded. Report approved unanimously.

Peer Review Committee report was presented by Mr. Underwood. Forty-four (44) firms were approved. One extension was granted. The peer review program administered by the Board has had difficulty recruiting reviewers and the committee was asked to explore issues that may be involved in discontinuing the program. A presentation on that matter was requested for the next board meeting. Report concluded.

Mr. Cozart presented the report from the Executive Committee. That committee reviewed the results of the Sunset Audit and the concerns raised by the Senate Sub-Committee regarding the

Reserve Fund. The Sub-Committee noted that fees had been raised even though there was a large amount in Reserve. A suggestion was made to discuss issues brought to light by the audit at the next meeting. Mr. Cozart noted that it was essential that the Board have an understanding of the Governor's views on the audit, and Ms. Jeter-McAvoy volunteered to chair an ad hoc committee to be formed to meet with the Governor. She is to choose the members of that committee. Mr. Sawyer moved to accept the report as presented, second by Mr. Alexander. Motion passed.

Staff Attorney Bethany Heuer reminded the Board once more of the requirements of the Open Meetings Act.

Discussion ensued regarding the selection of a new Executive Director. The use of a search firm was discussed as was widening the area of advertisement to include all major metropolitan areas of the state. The Board was advised that a Request for Proposal would be required in order to hire a search firm. Mr. Sawyer moved to place advertisements for the position in newspapers in the major metropolitan areas of Tennessee. Mr. Alexander seconded and the motion was approved unanimously.

Mr. Cozart discussed the status of the Audit Committee. Since there is no requirement for the Board to have such a committee, Mr. Cozart asked for a motion to disband it. Mr. Alexander so moved, Ms. Jeter-McAvoy seconded. Motion passed.

Mr. Cozart entertained any discussion on other new items. Queries were made regarding parking for board members and ID cards necessary to enter the building. Ms. Jeter-McAvoy noted that the board members received a W-2 from the State of Tennessee and should therefore be considered employees. Mr. Underwood moved that inquiries be made of the Department of Commerce and Insurance regarding parking and IDs. Ms. Jeter-McAvoy seconded the motion. Motion passed.

Mr. Underwood noted that board meetings should qualify as state specific ethics CPE for attendees. Mr. Cozart asked the Licensing Committee to review this issue.

There being no further business, the meeting was adjourned.

Approved by: \_\_\_\_\_  
Chairman

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Secretary